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DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON 25, D. C.

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REPLY TO:

Eastern District
Auditor General
Comptroller, USAF
Liaison Office
Washington, D.C.

9 January 1959

SUBJECT: Interim Report
Eastman Kodak Co.
Rochester, New York
Contract No. EQ-1806

CC - Audit folder
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TO : Contracting Officer

1. The original price of subject contract through Amendment No. 1 is [] As of the 10th Accounting Period (30 Nov. 1958) the Contractor has incurred factory cost of [] With the addition of General and Administrative expenses and wage dividend, contract cost will approximate []

2. Contractor's representatives indicated that additional cost was occasioned by continued research and product improvement beyond original contract scope. It is interesting to note that Contractor has invested 5 - 6 million dollars in this particular program of which approximately 2 million has been allocated to all Government work. How and why the subject contract received its allocation and/or distribution of these costs was not completely answered to the Auditor's satisfaction.

3. The Contractor is in process of compiling cost data for the purpose of preparing a proposal. Preliminary discussions would indicate that those costs applicable only to original contract scope as differentiated from additional research not contemplated in the contract cannot be segregated or in any way identified.

4. It is contemplated that review and examination of the Contractor's records during the course of audit will reveal information that will assist the Contracting Officer in arriving at an equitable settlement.

File:
EK Co
EQ-1806

Walter H. Gross

WALTER H. GROSS
Liaison Officer
Eastern District
Auditor General

On file USAF release
instructions apply

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